

UNITED STATES DISTRICT COURT FOR  
THE SOUTHERN DISTRICT OF NEW YORK

MICROSOFT CORPORATION,  
SAP AG, and SAP AMERICA, INC.,

Plaintiffs,

v.

DATATERN, INC.,

Defendant.

Consolidated Cases:

Civil Action No. 11-cv-02365-KBF  
Civil Action No. 11-cv-02648-KBF  
(Cases pending in U.S. District Court  
for the Southern District of New  
York)

DECLARATION OF RICHARD C.E. MORGAN

I, Richard C.E. Morgan, hereby declare as follows:

1. I make this declaration based on my personal knowledge. I am a member of the Board of Directors and Chief Executive Officer of Amphion Innovations plc ("Amphion"), which owns DataTern, Inc.

2. For the last twenty-five years, Amphion, and its predecessors, have been in the business of funding new businesses, with a special focus on medical products and software. Amphion's investment strategy is centered on developing strong intellectual property in its start-up ventures. Amphion's efforts have led to major successes. In medical products, MediSense and Celgene became publicly quoted companies with substantial operations and revenue and employees and profits. In the software domain both Macromedia and Veritas became large and successful public companies.

3. Amphion-backed companies included Ontos, Inc. whose employees were

the inventors of the patents at issue in this litigation (United States Patent Nos. 5,937,402 (the "'402 patent") and 6,101,502 (the "'502 patent")).

4. The '402 and '502 patents were the product of substantial investments and many years of development by a group of highly skilled software specialists and engineers employed by Ontos. These inventions provided the pathway for software products that would facilitate data integration between disparate systems with different legacy data structures and protocols. The products included ObjectSpark.


5. Firestar Software, Inc. was begun in 2001 as a "sister" company of Ontos and acquired from Ontos the '402 and '502 patents. Firestar's business plan was to become a major, international software company, providing software infrastructure products to speed new application integration by automating and packaging previously customized, hand-coded processes. FireStar's flagship product was the software suite ObjectSpark which facilitated linking business applications to enterprise data sources and other corporate applications. It facilitated the data services code layer that then usually involved hand coding and was complex, time-consuming and error-prone.

6. Amphion worked closely with FireStar to assess the state of the technologies making use of the '402 and '502 patents and the market opportunities for ObjectSpark. Although a business plan was put in place and fund raising efforts made, we were not successful because, in my opinion, FireStar was obstructed by acts of infringement from being able to become a viable business enterprise. Competition by those companies that were infringing on '402 and '502 without permission effectively drove FireStar out of the ObjectSpark business. FireStar's financial needs became acute; its sales revenues dropped precipitously.

7. FireStar needed to develop new products to save its business. There was a division in focus between efforts to protect the '402 and '502 patents and developing new products. There was also a lack of funds caused by the very real need of FireStar to divert funds from product development in order to allocate some funds to enforcement of its patents. In the judgment of management, this was untenable. It fundamentally distracted FireStar from its principal mission of creating software solutions for complex problems. It caused FireStar to accept settlements for infringement of the '402 and '502 patents simply because of its weakened position.

8. As a consequence, in 2007, FireStar agreed that Amphion would acquire the '402 and '502 patents in question and allow the licensing activity to be pursued outside of FireStar. We continue to believe that the '402 and '502 patents enabled a fundamental change to occur in object oriented software's interfacing with relational databases. Amphion thereafter formed DataTerm as a wholly owned subsidiary to own these particular patents and pursue the licensing opportunities in keeping with our original investment strategy. The licensee fees paid to DataTerm become part of the funds that are used to support FireStar and Amphion's active venture-backed companies.

SIGNED UNDER THE PAINS AND PENALTIES OF PERJURY THIS 7th DAY OF MAY 2012.



Richard C.E. Morgan